



Vietnam Market for Medical Equipment

By U.S. Commercial Service – Vietnam
June 2013

Overview

	2010 (actual)	2011 (actual)	2012 (actual)	2013 (estimated)
Total Market Size	190	192	195	200
Total Local Production	6	7	7	8
Total Exports	0	0	0	0
Total Imports	184	185	188	192
Imports from the U.S.	39.5	39.4	42	50

Source: U.S. Census and Euro Cham Report

The above statistics are in \$ million and are unofficial estimates.

Vietnam represents a potentially large healthcare, medical equipment, and device market. Identified as one of the national development priorities, the Vietnamese public healthcare sector has received increasing government budget allocations as well as interest from the private sector. Vietnam receives a large amount of international aid in the form of loans and donated medical equipment. A number of small projects are currently taking place in Vietnam, including those funded by the World Bank and the EU.

According to the Vietnamese Ministry of Health (MOH), due to low quality service on the ground, around 30,000 Vietnamese people go abroad for better check-ups and treatment, spending more than US\$1 billion every year, an indication that domestic consumers are keen to seek out higher quality services, out of pocket.

Many public hospitals have faced the following challenges:

1. Most of them were constructed long ago and face chronic overcrowding. Hospitals in major cities like Ho Chi Minh and Hanoi often do not have the capacity to serve both local patients and those from other provinces.
2. Much of the existing medical equipment in public hospitals in Vietnam is out-dated and needing replacement. Many hospitals lack sufficient equipment for surgery and intensive care units.
3. Vietnamese public hospitals rely largely on State budget to upgrade their facilities, equipment, and services. The total budget for the health sector has increased, but it is still too low to meet the demands in the system. As State-owned facilities, public hospitals only charge patients subsidized fees that represent only a portion of operation costs.
4. A shortage of qualified medical staff is common in many hospitals. Doctors and nurses work under stressful conditions and wages are relatively low.

Best Products/Services

The Vietnamese health care system currently has 1,062 state hospitals, 100 local private hospitals and 15 foreign invested hospitals that total to an estimated 145,000 beds. There are 273 new hospitals at some stage of the planning process with slightly over half of these projects located in Southern Vietnam.

The system needs a wide variety of medical equipment for such areas as cardiovascular, liver cancer, diabetes, and orthopedics. The best sales prospects for this market include imaging diagnostic equipment (i.e., X-ray machines, CT Scanners, Color Ultrasound machines, Magnetic Resonance Imaging machines), operating theaters and sterilizing equipment, patient monitoring equipment and emergency equipment.

Healthcare experts estimate that the market size is between US\$ 200-250 million in 2013. The market growth was approximately 12 percent per annum during 2009-2011; but is currently only growing at 5-6 percent. Over 95 percent of the market is made up of foreign goods. The main sources are from the U.S., Germany and Japan. In addition, Taiwan, Italy, France and South Korea also account for significant shares.

Local production is extremely limited in terms of value, but volume levels suggest the foundation for ascent up the value chain. There are presently 50 domestic firms making approximately 600 products officially licensed by MOH. They tend to produce products such as hospital beds, scalpels, cabinets, scissors, and disposable supplies. They also tend to offer limited or no warranty or after-sales services, especially in isolated areas.

Opportunities

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The Government of Vietnam has approved a national master plan to develop the healthcare network for the years up to 2020. These cover public health/preventative medicine and primary care systems as well as medicine manufacture and supply. According to this plan, by 2020, 25 hospital beds and at least eight physicians and two pharmacists should be available for every 10,000 people. In its 2013 budget for healthcare, the government has pledged to invest US\$ 3.9 billion to develop new hospital projects to reduce overload of patients.

Equipment Importation

Market Access

The Vietnamese government encourages import of medical equipment because local production cannot meet demands of the healthcare system. Imported medical equipment faces low import duties and no quota restrictions. However, medical devices are subject to regulation and licensing requirements set by the MOH. By regulation, only companies with a legal business

entity registered in Vietnam and that have an import license are eligible to distribute medical equipment in Vietnam. To fulfill this requirement, foreign suppliers often sell their products through local distributors or agents. Good representatives provide immediate access to an established marketing network and in-depth knowledge of pertinent regulations.

MOH determines the guidelines for medical device purchase for all health systems in Vietnam. Within the MOH, the Department of Medical Equipment and Health Works (“DMEHW”) is in charge of medical devices. The Ministry of Science and Technology (“MOST”) performs some regulatory functions for domestically made medical devices.

There are four main classes of medical device purchasers. The largest are government-funded hospitals, which account for 70 percent of the market. Foreign-owned hospitals and clinics also are large purchasers. However, these facilities usually purchase supplies from their sponsoring country. Local private hospitals will exhibit the strongest growth, while research and educational institutions will also account for some demand. A number of medical education and research institutions are open to experimenting with new, innovative methods and systems. These end-users present an excellent strategic opportunity to develop partnerships, given their desire to explore new technologies.

Government hospitals purchase medical devices through bidding, which is delegated on a provincial or national level by the MOH, (government hospitals can directly buy medical devices if the amount does not exceed US\$ 5,700). Private hospitals or clinics directly purchase those from local distributors. Foreign companies are not allowed to submit a tender; it can only be done via a local partner who will liaise with the facility to submit the required documentation.

Buyers and end-users expect a local representative to handle after-sales service and stock spare parts. For those firms that do not establish their own legal entity in Vietnam, it is essential that U.S. companies seeking to export medical equipment to Vietnam have a local partner with strong technical skills and good relationships with MOH, hospitals and other healthcare facilities.

Import License

The registration process for medical devices manufactured within Vietnam is different than those that are imported. Devices which are imported are not required to be registered. Instead, a product specific import license is utilized. In June 2011, the MOH issued the Circular 24 to provide updated guidance on import of medical equipment in Vietnam. U.S. exporters should be aware of Article 5 that requires a Certificate of Free Sale to be copied and certified by the embassy of Vietnam in producing countries.

As provided by law, there is a list of selected medical devices that require import licenses in order to be imported and sold in Vietnam¹. Dossiers of application of an import license must be sent to the DMEHW under the MOH for synthesis and submission to the MOH’s Science and Technology Council for consideration and grant of permits within 15 working days after the full receipt of valid dossiers. Traders granted the permits must pay fees as provided by the Finance Ministry.

Used equipment

Most imports of used and refurbished medical equipment are strictly controlled by the MOH. Decision 2019/1997/QĐ-BKHCNMT dated December 1, 1997, stipulates that the Ministry of Science, Technology, and Environment (MOSTE) must inspect and certify all imports of used medical equipment. Such used medical equipment must retain at least 80 percent of its life expectancy and must have fuel or electricity consumption ratings that do not exceed 110 percent of the consumption of newer versions of the equipment. Because of the restriction, local companies are generally not willing to deal with foreign suppliers of used and refurbished equipment. In practical terms, MOH accepts used equipment for donation purposes only.

Resources

U.S. suppliers of medical equipment interested to export to the Vietnamese market are encouraged to attend the following trade shows:

VIETNAM MEDI-PHARM EXPO 2013 IN HOCHIMINH CITY: The 13th Vietnam International Hospital, Medical and Pharmaceutical Exhibition in Ho Chi Minh City - VIETNAM MEDI-PHARM EXPO 2013 IN HCMC will be held from 22 – 24 Aug., 2013 at Tan Binh Exhibition & Convention Centre (TBECC), 446 Hoang Van Thu Str., Tan Binh Dist., Ho Chi Minh City, Vietnam. This is the annual exhibition of Vietnam healthcare industry hosted by Ministry of Health of Vietnam and Ministry of Industry & Trade of Vietnam.

Vietnam's healthcare information and projects are available at the following websites:

- Vietnam's Ministry of Health: www.moh.gov.vn
- The World Bank: www.worldbank.org.vn
- The ADB: <http://www.adb.org/VietNam/projects.asp>
- ¹Circular 24/2011/TT-BYT: Circular guide to the import of brand new medical devices <http://asemconnectvietnam.gov.vn/lawdetail.aspx?lawid=1969>

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